

GOLDEN ARRESTED FOR EMBEZZLEMENT

Former President of N. & O. Bank Indicted on Two Counts

J. J. McQuillan is Also Charged With Embezzlement--Former Sheriff J. J. Owens Charged With Misappropriating Funds

Nye County Grand Jury, After Spending Two Months Investigating Affairs of the Bank Make Report--No Bill Against Mick

Frank Golden, indicted on two counts, embezzlement and receiving deposits in the Nye and Ormsby county bank when he knew that institution to be insolvent.

James J. McQuillan, indicted on the charge of embezzlement in that he advised Cashier C. H. Phillips of the Nye and Ormsby county bank to receive deposits, knowing that the bank was insolvent.

J. J. Owens, indicted for embezzlement in that he collected a county liquor license and failed to make a proper accounting for the money.

Joe Mick, charged with arson, no bill returned.

The above is the synopsis of the indictments returned a few minutes before 7 o'clock last evening by the Nye county grand jury to the fifth judicial district court. The jury notified the court in the afternoon that a report would be forthcoming and Judge Averill kept court in session nearly two hours after the regular time of adjournment to receive such communications as the inquisitorial body deemed it necessary to make.

When the body filed in the court room was bare of spectators, for parties interested had been informed that Tuesday had been the day set for making the reports. It appeared that during the afternoon the body concluded all work in which it was engaged and decided to finish up the business by getting the indictments off their hands.

The first indictment to be read by Judge M. R. Averill was that against Joe Mick and which resulted in no bill. Mick, who has been out on bonds, was ordered clear of the charge and his bonds were allowed to withdraw their names. It appeared from the testimony presented to the grand jury that Mick had been arrested on circumstantial evidence and that from all appearances he had nothing to do with the conflagration for which he was arrested. The evidence pointed to another person being responsible for the fires, although it was impossible to connect him with the case.

The indictment against Sheriff J. J. Owens followed. This was a true bill and charged the former sheriff with embezzlement in that he had collected \$100 from the liquor firm of H. J. Hall and not made a proper accounting for the money. His bond was placed at \$2,500 and a bench warrant ordered issued. Owing to the whereabouts of the former sheriff being a mystery at the present time, the warrant will probably remain in the custody of the sheriff.

A true bill against J. J. McQuillan, charging embezzlement was next ordered filed. The indictment charged Mr. McQuillan, as vice president of the Nye and Ormsby county bank, with having advised Cashier C. H. Phillips to receive deposits when he knew the bank to be in an insolvent condition.

The special charge in his case related to the receiving of \$5,154.42 from the Manhattan Jackson Mining company, the same having been deposited by W. W. Charles, secretary of the company, prior to the closing of the institution. Mr. McQuillan's bond was fixed at \$15,000 and a bench warrant ordered issued.

Frank Golden, as president of the Nye and Ormsby county bank,

was indicted on two counts; that of embezzling and of receiving deposits when the bank was insolvent. The date of the first charge, embezzlement, is fixed as February 8, 1909 and according to the indictment Golden "knowingly, unlawfully and feloniously received of and from one Tom Kendall, a certain sum of money, to wit \$500 gold coin, lawful money of the United States, as and for a deposit in the said Nye and Ormsby county bank, which said money was then and there the property of said Tom Kendall and which said money was then and there received of and from the said Tom Kendall by the said Frank Golden for and in behalf of the said bank.

"That the said Nye and Ormsby county bank was then and there insolvent, and he, the said defendant, Frank Golden, then and there well knew the said bank to be then and thereby insolvent; all of which is contrary to the form, force and effect of the statutes in such cases, made and provided, and against the peace and dignity of the people of the state of Nevada."

The second indictment charged Golden with receiving a sum of \$560 from Ralph Hussey, knowing the bank to be insolvent.

The court adjourned until 8:30 in the evening, and ordered the defendants to be brought before it at that time to plead to the indictments. Golden was represented by Judge J. F. Dennis while Attorney P. M. Bowler represented McQuillan. When the court convened and the indictments were read to Golden, he entered a plea of not guilty and through his counsel asked for an early trial. There was considerable discussion on this question for District Attorney Baker stated that while he was not opposed to a speedy trial, he desired to have the criminal calendar called at such time that every case could be disposed of, which would greatly reduce the county's expense. Golden insisted that he be tried within a week or two, and to this Baker assented. The court named August 8 as the date when the defendant would be tried by a judge. Golden's bond was reduced to \$5,000 for each count, or \$10,000 in all. This was furnished by Eugene Howell and R. B. Govan and he was allowed his liberty.

After the reading of the indictment to McQuillan, his counsel asked for a continuance until July 21, in which to make the plea. This was probably done in order to demur to the indictment. No demurrer was entered by Golden. McQuillan's bond was fixed at \$5,200 which was furnished by W. W. Booth and W. S. Johnson.

It was on February 23, 1909, that the Nye and Ormsby county bank, suspended voluntarily, according to the notice posted on the doors of the local branch. A statement was made by the officials of the institution that the bank was solvent with assets aggregating \$1,600,000 and liabilities amounting to only \$200,000. Since then several volumes have been written on the condition of affairs and yesterday's action is the first to be brought against the officers. The entire history following the suspension is interesting and begins with the appointment of Gilbert C. Ross and J. J. Mullen of Tonopah, by Judge Mark R. Averill, as receivers. This appointment was

made on February 25 and on the following day State Bank Examiner Hofer arrived but was refused permission and several days later Hofer concluded his work and departed to examine the branches at Goldfield, Manhattan and later departed for the north.

On March 9 Cashier C. H. Phillips was found guilty of contempt of court, but was given permission to depart for Reno where he wished to consult with President Golden. On March 17 Golden was held in contempt and two days later the contempt proceedings were postponed. Golden invoked the aid of the supreme court and the same day a writ of prohibition was issued, prohibiting Judge Averill from taking any further action in the case. Judge Langan at Carson appointed a receiver, who was known at that time to be an employee of Golden's.

Since that date there have been several receivers and up to date the depositors have not received one cent. On March 22, 1909, the Nye county grand jury started to investigate the affairs of the institution, but in making their final report, graciously sidestepped the issue, recommending that their successors take up the matter.

The indictments are largely due to the perseverance of District Attorney Cleve H. Baker, who has been quietly at work on the matter for months. He secured nearly all the papers and books of the bank, and when the present grand jury was empanelled, placed what data he had before them, and sent to Carson for additional records.

Mr. Baker stated last evening he had a clear case and was confident of securing a conviction. Golden, on the other hand, was anxious for a speedy trial, stating that he could easily clear himself. When the case comes up for trial the progress will be watched with interest, for many residents of this county are interested in the affair.

FOUR HURT BY USING GASOLINE IN HOUSE WORK

By Associated Press.

LONG BEACH, Cal., July 18.—Four accidents resulted from the attempt of Mrs. Walter Martin to clean bedsprings with gasoline today. Mrs. Martin took the springs to the front porch and sprinkled gasoline over them, and applied a match. The leaping flames severely burned her neck and hands. Floyd Martin, a son, who heard his mother's screams, and seeing the flames, turned in an alarm of fire. A blind woman, who occupied the room from which the springs were taken, went to lay down and fell through to the floor, receiving a blow on the back of her head which rendered her unconscious for an hour. Miss Orva Martin, a sixteen year old daughter ran several blocks to summon her father, and on her way back fell in a fit of hysterics. Miss Lulu Long, a sister of Mrs. Martin, after rendering assistance to both the injured women, fell in a faint as she was ascending a flight of stairs.

RAILROAD MEN OBEY AUTOMATIC STRIKE ORDER

By Associated Press.

MONTREAL, July 18.—The conductors and trainmen on the Grand Trunk and Central Vermont railways obeyed an automatic strike order at 9:30 tonight. Under the terms of the strike order, the trains which began their run before 9:30 are to be taken through to the terminal by the men in charge. After that the company is expected to look after its own interests.

DETROIT, July 18.—The local conductors and trainmen employed by the Grand Trunk system struck at 8:30 tonight.

MINERS WILL NOT SURRENDER TO CAPITAL

By Associated Press.

DENVER, Colo., July 18.—"Surrender, hell! The Western Federation of Miners has just commenced to fight," declared John McLennan, president of the Colorado State Federation of Labor, welcoming the delegates to the annual convention of the Western Federation of Miners which opened today.

McLennan predicted an unrelenting war by capital against the labor unions, and declared he could hear the "mutterings of the coming storm which labor could not afford to ignore." He warned the delegates against internal dissension and declared the Western Federation of Miners would never hoist the flag of surrender. Today's session was devoted to addresses of welcome and the appointment of the committee on credentials. President Charles Moyer delivered his annual report.

PINCHOT OPENS CAMPAIGN TODAY IN SAN FRANCISCO

By Associated Press.

OAKLAND, July 18.—Gifford Pinchot arrived tonight for the purpose of making several speeches in California on behalf of Hiram Johnson, the Lincoln-Roosevelt league candidate for governor, and William Kent, the insurgent candidate for congress. He refused to discuss the report that Ballinger had been exonerated by the congressional committee, which has been investigating the Ballinger-Pinchot controversy, and also declined to discuss Roosevelt's stand on insurgency.

When the subject was turned to conservation Pinchot talked at length. He charged the Pickett bill, under the provisions of which Taft on July 3rd withdrew \$,495,731 acres of public land, contained a "joker," and said all this land had been withdrawn from entry but leaves it open at all times to exploration, discovery and occupation under the mining laws of the United States. Pinchot was the guest of Dr. George Pardee, ex-governor of California. He opens his campaign for Johnson in a speech at San Francisco tomorrow night.

EXTRACTS FROM REPORT OF THE GRAND JURY

County Commissioners are Raked Over While Nye and Ormsby County Bank Receives Attention.

The following is a portion of the report made yesterday afternoon by the grand jury to the district court, and refers only to the Nye and Ormsby county bank and the county commissioners. This is about half of the total report, the remainder of which we are unable to print in this issue owing to a lack of space. However, we will publish the missing part in tomorrow's paper, thus giving the people the report complete as drafted by the grand jury. The message follows:

NYE AND ORMSBY COUNTY BANK.

In the investigations of the officers of the Nye and Ormsby county bank, all the available books of the institution were received from the receivers. Some of the most important books, those that were most recently used, are missing. However, those that we have, show that the business methods pursued by the officers and directors were of the most careless, if not criminal, character.

Loans were freely made on exceedingly inadequate securities, and sums aggregating hundreds of thousands of dollars were loaned to officers and directors of the bank and to various enterprises which those same men controlled.

Ignorance of these facts and the conditions of the bank's affairs cannot be set up by the directors, as the minutes of their meetings show that during the years 1907, 1908, and 1909, such capable men as L. S. Finnegan, A. L. Meyers, M. L. McDonald, D. M. Ryan, Con O'Donnell, A. D. Nash, James J. McQuillan, Francis S. Newlands, James J. Sweeney, B. F. Edwards, Frank Golden, T. W. Kendall, Nell McLean, L. L. Patrick, W. J. Douglass of Virginia City and Robert Stewart were not only directors, but that at their meetings many of them made it their duty to be in attendance, and were active in the conduct of its affairs.

The directors may not be guilty of offenses under the laws of the state of Nevada, governing banks and bankers, in force during those years, but public opinion in other and more carefully conducted states have forced the adoption of laws that do specifically name such offenses as crimes.

Criminal proceedings probably cannot be begun against them for their acts and we can only condemn them in unmeasured terms for the part they played in the injuries inflicted on the depositors.

The lack of judgment and unbusinesslike methods pursued could produce but one result, viz: insolvency, and this condition actually prevailed for many months prior to the first closing of the bank in October, 1907, and continued after the reopening and until its final closing in February, 1909. In spite of every effort insolvencies continued after the turning over to the First National Bank of San Francisco of the only available securities held by the Nye and Ormsby county bank, to secure the particularly heavy loan of the Nye and Ormsby banks in the First National Bank of San Francisco, amounting to the enormous sum of \$150,000, and it is quite evident that the officers of the Nye and Ormsby county banks hoped by being able to continue to enjoy loans in con-

nection with receipts from depositors to regain their lost ground.

In this connection we wish to call attention to the continued demands on the part of the First National Bank of San Francisco for payments on account, and the more significant inquiry made by the cashier of that bank as to whom Mr. Gilbert, the county treasurer of Nye county, would pay in the moneys received from the tax collectors.

Having a desperate desire to meet certain indebtedness the Nye and Ormsby county bank officers used every effort and means at their command to draw depositors to them, and this line of work was carried to such an extreme as to result in conspiracy, which increased their paying powers and caused a money loss to Nye county of \$66,689.36, and which may even reach the sum of \$101,000.00; depending on whether or not Nye county wins the so-called "note cases" now pending before the supreme court.

We charge Frank Golden, James J. McQuillan and Robert F. Gilbert with conspiring to permit the Nye and Ormsby county bank to have full control of the treasury of Nye county, and charge the other directors of said Nye and Ormsby county bank with knowledge of such intent and acts.

We charge Frank Golden, President, and James J. McQuillan, vice president, of said bank, with embezzlement, in that they received moneys from depositors and others during the time said bank was insolvent, and prior to its ceasing to do business, they having a full knowledge of said insolvent condition.

We herein request the district attorney of Nye county to notify the attorney general of the state of Nevada as to the sworn statements of T. R. Hofer, bank examiner, of the condition of the Nye and Ormsby county banks at the time the banks closed and also at the same time the banks reopened, as it is evident to this grand jury that the crime of perjury was committed by the said T. R. Hofer. We make mention that he was allowed an overdraft on the Carson bank at the time he was bank examiner.

We would call your attention to the connection of James G. Sweeney, a supreme judge of this state, with the affairs of the Nye and Ormsby county bank. He was evidently retained as counsel for the bank, as we find he received a fee of \$1,500, and was at all times allowed to borrow large sums of money.

He was also one of the most active directors of the bank, as shown by the minute book of the meetings, and undoubtedly knew of the insolvent condition of the bank at all times.

We would again refer to the active connection as directors of the bank of those men named above, and more particularly to James G. Sweeney and L. L. Patrick. No excuse can in our opinion be offered by these men for their activity in the later days of the life of the bank and their apparent utter disregard for the interest of the depositors, although they are

(Continued on Page Three.)